

DEPARTMENT OF SOCIAL SERVICES  
744 P Street, Sacramento, CA 95814



April 15, 1996

ALL COUNTY LETTER 96-17

TO: ALL COUNTY WELFARE DIRECTORS

REASON FOR TRANSMITTAL

- ☐ State Law Change
- ☒ Federal Law Change
- ☐ Court Order or Settlement Agreement
- ☐ Clarification Requested by One or More Counties
- ☐ Initiated by CDSS

SUBJECT: FOOD STAMPS INACCESSIBLE RESOURCE(S) AS DEFINED BY THE  
MICKEY LELAND HUNGER RELIEF ACT OF 1990

REFERENCE: Manual Section (M.S.) 63-501.3(h)

This letter provides information and implementation instructions to County Welfare Departments (CWDs) on a new Food Stamp regulation that expands the standards by which a resource can be considered to be inaccessible. This regulation shall be implemented May 1, 1996.

Current federal and state Food Stamp (FS) regulations address issues of accessibility and inaccessibility of resources. The Mickey Leland Act expands the area of "inaccessibility" by including resources that the household (HH) is unable to sell for any significant return because the HH's interest is relatively slight or because the costs of selling would be relatively great given the amount of ownership interest involved. This new provision does not apply to negotiable financial instruments such as stocks, bonds or property such as vehicles.

M.S. 63-501.3(h) (1) through (5) has been reformatted to better accommodate this expanded definition of what is considered an inaccessible resource and includes handbook examples to clarify the intent of the revised definition. Enclosed is the revised regulation section.

Resource Determinations [M.S. 63-501.3(h)(5)]

The amendment to M.S. 63-501.3(h)(5) will expand the scope of the definition of an inaccessible resource to include property that if sold, or otherwise disposed of, would not produce a "significant return" to the HH, or its sale or other disposition is unlikely to produce "any significant amount of funds" for the support of the HH. The amendment also defines "significant return" and "any significant amount of funds" as one-half or more of the applicable resource limit for the HH.

The CWD may require verification of the resource value to be excluded if the information provided by the HH is questionable, as provided by existing state regulations (M.S. 63-300.5, 63-504.421, and 63-505.4).

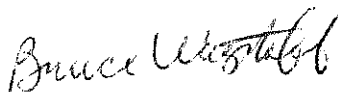
Additional Instructions

Continuing cases entitled to restored benefits shall have their benefits restored back to January 1, 1996 or date of application, whichever is later. The benefit adjustment should be made when the case is next reviewed, when the CWD becomes aware that a review is needed, upon request by the HH, or at recertification, whichever occurs first.

All HHs that had food stamp benefits denied or terminated from January 1, 1996 through May 1, 1996 due to ineligibility under the previous inaccessible resource criteria, but would be eligible under the new inaccessible resource criteria, shall be entitled to have their benefits restored back to January 1, 1996 or the date of application, whichever is later.

The TEMP 2117 MULTILINGUAL poster has been developed to inform HHs of the new regulation. Enclosed is a copy of the poster language, however CWDs will receive copies of the poster under separate cover. The poster shall be displayed starting May 1, 1996 until July 31, 1996 in CWDs, issuance sites, or locations frequented by certified HHs.

If you have any questions regarding the revision to the FS regulations, please call Ernie Villalobos of the Food Stamp Program Bureau at (916) 657-1680. If you have questions regarding the TEMP 2117 MULTILINGUAL poster, please contact Melissa Buchanan at (916)654-8467.



BRUCE WAGSTAFF  
Deputy Director  
Welfare Programs Division

Enclosures

## **WE MAY OWE YOU FOOD STAMPS**

Between January 1, 1996 and May 1, 1996 were you, or a household you were part of, told that your food stamps had been cut-off or denied because your property or other valuable items, except for vehicles, was worth too much?

If yes, you might be eligible for food stamps for the above months, if the money you would have gotten by selling the property or other valuable items was less than one-half of the total allowable resources for your household.

To find out if you are eligible to receive food stamps for one or more of the four months, you must contact the county welfare department.

63-1432 IMPLEMENTATION OF THE INACCESSIBLE RESOURCE PROVISION OF  
THE MICKEY LELAND MEMORIAL DOMESTIC HUNGER RELIEF ACT OF  
1990

- .1 The amended regulations contained in Section 63-501.3(h) shall become effective May 1, 1996 for all food stamp households.
- .2 County welfare departments shall implement the new provisions for all new applications beginning May 1, 1996.
- .3 Households that had food stamp benefits denied or terminated between December 31, 1995 and May 1, 1996 due to ineligibility under the previous inaccessible resource criteria, but would be eligible under the new resource criteria, shall be entitled to have their benefits restored back to January 1, 1996 or the date of application, whichever is later. A review shall be conducted at household request or if the CWD becomes aware one is needed, and make the restoration if the household is entitled.

For cases that are currently active, the review and benefit adjustment, if necessary, should be made when the CWD becomes aware that a review is needed, upon request by the household, or at recertification, whichever occurs first.

DRAFT

Amends 63-501.3(h)

63-501.3 RESOURCE DETERMINATIONS (CONTINUED)

(h) Resources which have a cash value that is not accessible to the household, such as, but not limited to:/

(1) Irrevocable trust funds/. Any funds in a trust or transferred to a trust, and the income produced by that trust, shall be considered inaccessible to the household if all of the following are met;

(A) The trustee administering the funds is either:

1. A court, or an institution, corporation or organization which is not under the direction or ownership of any household member; or,
2. An individual appointed by the court who has court imposed limitations placed on his/her use of the funds which meet the requirements of Section 63-501.3(h);

(B) The funds held in irrevocable trust are either:

1. Established from the household's own funds if the trustee uses the funds solely to make investments on behalf of the trust or to pay the educational or medical expenses of any person named by the household creating the trust; or,
2. Established from non-household funds by a non-household member regardless of how these funds will be used;

(C) The trust investments do not directly involve or assist any business or corporation under the control, direction or influence of

a household member;

(D) The trust arrangement will not likely cease during the certification period; and,

(E) No household member has the power to revoke the trust arrangement or change the name of the beneficiary during the certification period.

(2) security deposits on rental property or utilities,

(3) property in probate, and

(4) real property which the household is making a good faith effort to sell at a reasonable price and which has not been sold/ , and

(5) property, other than financial instruments (stocks, bonds, legally binding promissory notes, etc.) or vehicles, which if sold or otherwise disposed of would be unlikely to produce any "significant amount of funds" or "significant return" for the support of the household.

(A) "Any significant amount of funds" shall be funds amounting to one half or more of the applicable resource limit for the household.

(B) "Significant return" shall be any return, after estimated costs of sale or disposition, and taking into account the ownership interest of the household, that is estimated to be one half or more of the applicable resource limit for the household.

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HANDBOOK BEGINS HERE

Example (1): A Household has inherited a 1/8 interest in a timeshare. The property is not in probate as specified in Section 63-501.3(h)(3), nor has there been an attempt to sell it as specified in Section 63-501.3(h)(4). The estimated value (by an appraiser) is \$10,000. The cost of selling the timeshare is

\$1000. The household's 1/8 share of the timeshare is valued at \$1250 minus 1/8 of the cost to sell, \$125. The net share of \$1125 is \$125 over one-half the resource limit of \$2000. Therefore, since the net value of the property to the household is greater than one-half the resource limit for the household, the full amount, \$1125, is countable in the resource determination for the household.

Example (2): The estimated value (by the appraiser) of the property indicated in Example (1) is \$10,000. However, the cost of selling the timeshare is \$2200. The household's 1/8 share of the timeshare is valued at \$1250 minus 1/8 of the cost to sell, \$275. The net share of \$975 is \$25 less than one-half the resource limit of \$2000. Therefore, since the net value of the property to the household is less than one-half the resource limit for the household, the full amount of the net value, \$975, is excluded in the resource determination for the household.

HANDBOOK ENDS HERE

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Verification, if questionable, as defined in Section 63-300.53, shall be obtained through a collateral contact or documentation.

Section 63-501.3(h) beginning with "Any funds in a trust or transferred to a trust, and....(5) No household member has the power to revoke the trust arrangement or change the name of the beneficiary during the certification period." (through 63-501.3(h)(5) is deleted.